



Big Sandy Rural Electric
Cooperative Corporation

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AUG 21 2014

PUBLIC SERVICE
COMMISSION

August 20, 2014

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40602

RE: Commission Staff's third request for information.
Public Service Commission Case No. 2014-00051

Dear Mr. Derouen:

Please find enclosed the original and 5 copies of Big Sandy Rural Electric Cooperative Corporation's response to Commission Staff's third request for information regarding Case No. 2014-00051, AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR THE SIX-MONTH BILLING PERIOD ENDING DECEMBER 31, 2013, AND THE PASS THROUGH MECHANISM FOR ITS SIXTEEN MEMBER DISTRIBUTION COOPERATIVES. Billy Frasure will be the witness responsible for responding to the questions related to the information provided.

If you should need any additional information, please do not hesitate to contact me.

Thank you,

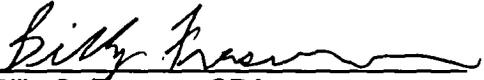
A handwritten signature in black ink, appearing to read "David Estep", written over a horizontal line.

David Estep
President & General Manager

CERTIFICATE

**STATE OF KENTUCKY)
COUNTY OF JOHNSON)**

Billy O. Frasure, CPA, being duly sworn, states that he has supervised the preparation of the response of Big Sandy RECC to the Public Service Commission Staff's third request for information in Case No. 2014-00051 dated August 07, 2014 and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.


Billy O. Frasure, CPA

Subscribed and sworn before me on this 20th day of August, 2014


Notary Public

Request 6. This question is addressed to all member cooperatives. Refer to each member cooperative's July 31, 2013 monthly pass-through filing.

Request 6.a. Provide the numerator used in the calculation of the respective member cooperative's pass-through mechanism factor, along with the expense month with which the numerator is associated.

Response 6.a. The numerator used in the calculation of July 2013's pass-through mechanism factor was 234,498. July 2013 is the expense month that was used associated with the numerator.

Request 6.b. Provide the denominator used in the calculation of the respective member cooperative's pass-through mechanism factor, along with the calculations and months supporting the calculations of the denominator.

Response 6.b. The denominator used in the calculation of July 2013's pass-through mechanism factor was 1,994,510. The denominator comes from June 2013's 12-month-ended average retail revenue. This figure is calculated as follows:

<u>Month</u>	<u>Big Sandy Net Net Monthly Retail Revenues</u>
July 2012	2,132,740
August 2012	1,801,645
September 2012	1,511,751
October 2012	1,568,508
November 2012	2,191,412
December 2012	2,324,278
January 2013	2,556,078
February 2013	2,363,353
March 2013	2,363,821
April 2013	1,633,770
May 2013	1,632,508
<u>June 2013</u>	<u>1,854,262</u>
Sum	23,934,126 / 12 months = 1,994,510

Request 6.c. Provide the month's revenue (amount and month of the year) each member cooperative's pass-through mechanism factor for July 2013 is applied to in arriving at the monthly environmental surcharge revenues recovered.

Response 6.c. The pass-through mechanism factor calculated in July 2013 will be applied to 1,834,960, which is August 2013's month revenue, to arrive at the monthly environmental surcharge revenues.

Request 7. This question is addressed to all member cooperatives. For the month of July 2005, provide the following:

Request 7.a.

Identify the month in which the member cooperative's revenue requirement was used, along with the months in which the member cooperative's 12-months-ended average retail revenue was used in calculating the pass-through mechanism factor.

Response 7.a.

July 2005's revenue requirement was used in July 2005 to calculate the pass-through mechanism factor.

July 2005's 12-months-ended average retail revenue was used in August 2005 to calculate the pass-through mechanism factor.

Request 7.b.

Identify the member cooperative's month revenues (amount and month of the year) the pass-through mechanism factor was applied to arrive at the member cooperative's monthly environmental surcharge revenues.

Response 7.b.

The pass-through mechanism factor was applied to 1,441,067, which is July 2005's monthly revenue, to arrive at July 2005's environmental surcharge revenue.

Request 7.c.

Identify the member cooperative's month revenues (amount and month of the year) and the member cooperative's month expense (amount and month of the year) used in calculating any over/under recovery, along with the month the over/under recovery is reflected, in the member cooperative's response to the Information Request of Commission Staff following the June 18, 2014 Informal Conference ("Staff's IC Information Request"), item 2.

Response 7.c.

Environmental surcharge revenue	61,327 (July 2005)
Environmental surcharge expense	<u>66,313 (July 2005)</u>
Under recovery reflected in July 2005	4,896

Request 8.

This question is addressed to all member cooperatives. For the month of December 2013, provide the following:

Request 8.a.

Identify the month in which the member cooperative's revenue requirement was used, along with the months in which the member cooperative's 12-months-ended average retail revenue was used, in calculating the pass-through mechanism factor.

Response 8.a.

December 2013's revenue requirement is used to calculate the pass-through mechanism factor for December 2013.

December 2013's 12-months ended average retail revenue was used in January 2014 to calculate the pass-through mechanism factor.

Request 8.b.

Provide the member cooperatives month revenues the pass-through mechanism factor was applied to arrive at the member cooperative's monthly environmental surcharge revenues.

Response 8.b.

To arrive at the environmental surcharge revenue for December 2013, the pass-through factor was applied to \$2,455,793 (December's net monthly revenue).

Request 8.c.

Provide the member cooperative's month revenue and the member cooperatives month expense used in calculating any over/under recovery, along with the month the over/under recovery is reflected in the member cooperative's response to Staff's IC Information Request, item 2.

Response 8.c.

Environmental surcharge revenue	309,444
Environmental surcharge expense	<u>293,062</u>
Over recovery reflected in December 2013	16,382

Request 8.d.

If there was a change in the calculations between Item No. 8.c. and Item No. 7.c., fully explain the reason for the change and provide any Commission supporting authorization for the change.

Response 8.d.

There has been no change in calculations.

Request 9.

This question is addressed to all member cooperatives. In a month when there is an amortization of an over- or under-recovery amount applied in the calculation of the pass-through mechanism factor, do the member cooperatives agree that the pass-through factor is a net factor, and the net factor is a combination of the pass-through factor that is attributed to the member cooperative's revenue requirement divided by the 12-months-ended average retail revenues and the member cooperative's amortization of any over- or under-recovery amount also divided by the 12-months-ended average retail revenues? If not, explain.

Response 9.

Big Sandy agrees that in a month when there is an amortization of an over- or under-recovery amount applied in the calculation of the pass-through mechanism factor that the pass-through factor is a net factor. However, Big Sandy does not agree with the description of the calculation of the pass-through factor as stated in the request. As clearly shown on the monthly "Pass Through Mechanism Report" filed for Big Sandy, the monthly revenue requirement shown in column 8 is combined with the amortization of over- or under-recovery shown in column 9. The net amount is shown in column 10. The net amount in column 10 is divided by the 12-months ended average net retail revenues shown in column 14, producing the pass-through factor shown in column 15. While the approach described in the request essentially produces the same result mathematically, separate pass-through factor components are not calculated for the monthly revenue requirement and the amortization of the over- or under-recovery.

Request 10.

This question is addressed to all member cooperatives.

Request 10.a.

Does each member cooperative have a monthly Fuel Adjustment Clause ("FAC") that contains a prior month over- or under-recovery mechanism in the calculations?

Response 10.a.

Yes.

Request 10.b.

If the answer to 10.a. above is yes, does each member cooperative remove the prior month over- or under-recovery amount in calculating the current month's over- or under-recovery amount?

Response 10.b.

No.

Request 10.c.

If the answer to 10.b. above is no, explain why it is appropriate to remove any over- or under-recovery amount in the environmental surcharge, but it is not required to remove any over/under recovery in the FAC.

Response 10.c.

It should be noted that the environmental surcharge is established by KRS 278.183 while the FAC is established by 807 KAR 5:056 and neither explicitly address how over- and under-recoveries are to be handled. Under the FAC for the Member Cooperatives, the over- or under-

recovery from the second previous month is incorporated into the calculations of the current FAC. The current FAC is applied to retail customer bills rendered two months later. Thus, there is a four month lag from the inception of an over- or under- recovery until it is refunded or collected on the retail customers' bill. Each month the retail customers' bill will include a single month's FAC over- or under-recovery amount. There is no adjustment to remove any previous month's over- or under-recovery amount in calculating the current month's over- or under-recovery. Under the environmental surcharge, the over- or under-recovery is determined during the periodic six-month and two-year surcharge review cases. Under normal circumstances, the over- or under-recovery determined during a surcharge review case will cover six months of surcharge operation and the amortization period of the over- or under-recovery has been six months. While the amortization results in an equal dollar amount being included in the retail customers' bills during the amortization period, rather than an amount that reflects month to month changes in sales volumes, it is essentially the same approach as the FAC. Each month during the amortization period will reflect a single month's surcharge over- or under-recovery amount. There have been no adjustments to remove any previous month's over- or under-recovery amount when calculating the current month's over- or under-recovery.

However, the processing of Case Nos. 2012-00486 and 2013-00140 were not normal circumstances. Case No. 2012-00486 reviewed the last six months of a two-year review period and two subsequent six-month review periods, for a total of 18 months of surcharge operations. The case was opened on November 16, 2012 and the Commission's final Order was dated August 2, 2013. Although the review period covered 18 months of surcharge operations, the over- and under-recoveries determined for the Member Cooperatives were amortized over six months. The first month of the amortization of the over- and under-recoveries was reflected in the Member Cooperatives' surcharge pass-through factors filed with the Commission on August 20, 2013. Case No. 2013-00140 covered a single six-month review period. This case was opened on May 14, 2013 and the Commission's final Order was dated September 17, 2013. The over- and under-recoveries determined for the Member Cooperatives were amortized over six

months. The first month of the amortization of the over- and under-recoveries was reflected in the Member Cooperatives' surcharge pass-through factors filed with the Commission on September 20, 2013. Because of the number of review periods included in the two cases and the overlapping of the amortization periods for these two cases, over- and under-recoveries resulting from 24 months of surcharge operations were amortized over a total of seven months. Thus, the normal situation where six months of surcharge operations are reflected in six months of over- or under- recovery amortization no longer was in force. Without some adjustment to remove the effects of amortizing over- or under-recoveries resulting from 24 months of surcharge operations over seven months, subsequent surcharge review over- and under-recovery calculations will be skewed.

Request 11.

This question is addressed to all member cooperatives.

Request 11.a.

Provide the schedules which support the amount of both the environmental surcharge revenues and the environmental surcharge expenses removed from their cost-of-service on Schedule S for each of their rate filings which cover the period July 2005 through December 2013.

Response 11.a.

Please see attached Case No. 2012-00030 and Case No. 2008-00401 Statement of Operations Exhibit S, pages 6 through 9 for the applicable schedules.

Response 11.b. Continued

Case No. 2008-00401					
Surcharge Expense					
	<u>EKPC Bill</u>	<u>Staff IC Req #2</u>		<u>EKPC Bill</u>	<u>Staff IC Req #2</u>
Sept. 2007	124,399	124,399	Mar. 2008	90,213	90,213
Oct. 2007	93,546	93,546	Apr. 2008	68,173	68,173
Nov. 2007	106,426	106,426	May 2008	58,205	58,205
Dec. 2007	110,971	110,971	Jun. 2008	74,110	74,110
Jan. 2008	140,799	140,799	Jul. 2008	90,109	90,109
Feb. 2008	102,071	102,071	Aug. 2008	82,236	82,236
Total				1,141,258	1,141,258
Fuel Adj.				<u>1,617,033</u>	
Calculated total Exhibit S				2,758,291	
Actual total on Exhibit S Cost of Service				<u>2,758,291</u>	
Difference					-

Case No. 2008-00401					
Surcharge Revenue					
	<u>Big Sandy Billed</u>	<u>Staff IC Req #2</u>		<u>Big Sandy Billed</u>	<u>Staff IC Req #2</u>
Sept. 2007	121,692	117,132	Mar. 2008	92,163	92,163
Oct. 2007	107,364	101,520	Apr. 2008	66,014	66,014
Nov. 2007	110,776	106,887	May 2008	54,864	54,864
Dec. 2007	113,831	0	Jun. 2008	77,248	77,248
Jan. 2008	125,676	126,676	Jul. 2008	72,245	72,245
Feb. 2008	106,825	106,825	Aug. 2008	79,249	79,250
Total				1,127,947	1,000,824
Fuel Adj.				<u>1,461,066</u>	
Calculated total Exhibit S				2,589,013	
Actual total on Exhibit S Cost of Service				<u>2,589,013</u>	
Difference					-

Request 11.c.

If there is a difference in the monthly revenue and/or expense amounts in the response to 11.b. above, provide a complete explanation of the reason(s) for the difference.

Response 11.c.

Case No. 2012-00030

Surcharge Expense Analysis- There is no difference between amounts provided for Staff's IC Information Request, Item No. 2 and monthly amounts used in calculating the adjustment for cost of power on Exhibit S.

Surcharge Revenue Analysis- The monthly amounts on this analysis do not agree. This is because during this time Big Sandy recorded unbilled revenue on its books each month. It should be noted, however, that Big Sandy no longer records unbilled revenue. Also, Big Sandy is unable to provide a complete explanation of the (56,119) difference between the actual revenue adjustment on Exhibit S and the calculated Exhibit S total from the monthly schedule. This is due to both the Exhibit S and the monthly schedule being prepared by an outside consultant. Big Sandy does not have access to the consultants work papers to obtain a complete explanation of this difference.

Case No. 2008-00401

Surcharge Expense Analysis- There is no difference between amounts provided for Staff's IC Information Request, Item No. 2 and monthly amounts used in calculating the adjustment for cost of power on Schedule S.

Surcharge Revenue Analysis- The monthly amounts for September 2007 – January 2008 do not agree on this analysis. Consistent with rate case 2012-00030, this is due to Big Sandy recording unbilled revenue on its books each month. As stated previously, Big Sandy no longer records

unbilled revenue. Also, regarding the difference associated with December 2007, please note again that both Exhibit S and the monthly schedule were prepared by a consultant and Big Sandy does not have access to the consultants work papers. Therefore, Big Sandy cannot provide a complete explanation regarding the difference on the analysis applicable to December 2007.

Big Sandy Rural Electric Cooperative
Case No. 2012-0030
Statement of Operations, Adjusted

Witness: Alan Zumstein

	<u>Actual Test Year</u>	<u>Normalized Adjustments</u>	<u>Normalized Test Year</u>	<u>Proposed Increase</u>	<u>Proposed Test Year</u>
Operating Revenues:					
Base rates	25,360,640	(933,232)	24,427,408	911,007	25,338,415
Fuel and surcharge	207,372	(207,372)	-		-
Other electric revenue	747,414	58,703	806,117		806,117
	<u>26,315,426</u>	<u>(1,081,901)</u>	<u>25,233,525</u>	<u>911,007</u>	<u>26,144,532</u>
Operating Expenses:					
Cost of power:					
Base rates	18,369,223	(935,634)	17,433,589		17,433,589
Fuel and surcharge	251,095	(251,095)	-		-
Distribution - operations	923,952	32,933	956,885		956,885
Distribution - maintenance	1,468,958	24,494	1,493,452		1,493,452
Consumer accounts	765,151	16,573	781,724		781,724
Customer service	132,162	278	132,440		132,440
Sales	12,120	124	12,244		12,244
Administrative and general	1,322,118	35,872	1,357,990		1,357,990
Total operating expenses	<u>23,244,779</u>	<u>(1,076,455)</u>	<u>22,168,324</u>	<u>-</u>	<u>22,168,324</u>
Depreciation	1,912,568	34,124	1,946,692		1,946,692
Taxes - other	25,430	-	25,430		25,430
Interest on long-term debt	979,583	45,168	1,024,751		1,024,751
Interest expense - other	92,809	(6,256)	86,553		86,553
Other deductions	11,844	(11,223)	621		621
Total cost of electric service	<u>26,267,013</u>	<u>(1,014,642)</u>	<u>25,252,371</u>	<u>-</u>	<u>25,252,371</u>
Utility operating margins	<u>48,413</u>	<u>(67,259)</u>	<u>(18,846)</u>	<u>911,007</u>	<u>892,161</u>
Nonoperating margins, interest	26,478	-	26,478		26,478
Nonoperating margins, other	-	-	-		-
G & T capital credits	759,797	(759,797)	-		-
Patronage capital credits	106,112	-	106,112		106,112
Net Margins	<u>940,800</u>	<u>(827,056)</u>	<u>113,744</u>	<u>911,007</u>	<u>1,024,751</u>
TIER	1.96		1.11		2.00

Big Sandy Rural Electric Cooperative
Case No. 2012-0030
Summary of Adjustments to Test Year

Exhibit S
page 3 of 4
Witness: Alan Zunsteln

	Adj 1	Adj 2	Adj 3	Adj 4	Adj 5	Adj 6	Adj 7	Adj 8	Adj 9	Adj 10	Adj 11	Adj 12	Adj 13	Adj 14	Adj 15	Adj 16	Adj 17	
	Salaries	Payroll Taxes	Deotec	Property Tax	Interest	Retirement	Donations	Professional Fees	Directors	Misc Expenses	Rate Case	Health Insurance	G & T Capital Cr	CATV	Purchase Power	Revenue	Additional Revenue	Total
Operating Revenues:																		
Base rates																	(933,232)	(933,232)
Fuel and surcharge																	(207,372)	(207,372)
Other electric revenue														15,856			42,847	58,703
	0	0	0	0	0	0	0	0	0	0	0	0	0	15,856	0	(1,140,604)	42,847	(1,081,901)
Operating Expenses:																		
Cost of power:																		
Base rates																(935,634)		(935,634)
Fuel and surcharge																(251,095)		(251,095)
Distribution - operations	10,547	1,895	1,097	9,750		2,163						7,481						32,933
Distribution - maintenanc	10,930	1,964	1,605			2,242						7,753						24,494
Consumer accounts	7,870	1,414				1,614						5,582						16,573
Customer service																		278
Sales			124															124
Administrative and gener	17,862	3,210		183		3,664		(1,074)	(20,655)	(4,987)	25,000	12,669						35,872
Total operating expense	47,209	8,484	2,827	10,304	0	9,683	0	(1,074)	(20,655)	(4,987)	25,000	33,484	0	0	(1,186,729)	0	0	(1,076,455)
Depreciation			34,124															34,124
Taxes - other																		0
Interest on long-term debt					45,168													45,168
Interest expense - other					(6,256)													(6,256)
Other deductions							(11,223)											(11,223)
Total cost of electric ser	47,209	8,484	36,951	10,304	38,912	9,683	(11,223)	(1,074)	(20,655)	(4,987)	25,000	33,484	0	0	(1,186,729)	0	0	(1,014,642)
Utility operating margin	(47,209)	(8,484)	(36,951)	(10,304)	(38,912)	(9,683)	11,223	1,074	20,655	4,987	(25,000)	(33,484)	0	15,856	1,186,729	(1,140,604)	42,847	(67,259)
Nonoperating margins, interest																		0
Nonoperating margins, other																		0
G & T capital credits													(759,797)					(759,797)
Patronage capital credits																		0
	0	0	0	0	0	0	0	0	0	0	0	0	(759,797)	0	0	0	0	(759,797)
Net Margins	(47,209)	(8,484)	(36,951)	(10,304)	(38,912)	(9,683)	11,223	1,074	20,655	4,987	(25,000)	(33,484)	(759,797)	15,856	1,186,729	(1,140,604)	42,847	(827,056)

Big Sandy Rural Electric Cooperative
Case No. 2008-00401
Statement of Operations, Adjusted

ITEM 11
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Exhibit S
page 2 of 4

Witness: Alan Zumstein

	<u>Actual Test Year</u>	<u>Normalized Adjustments</u>	<u>Normalized Test Year</u>	<u>Proposed Increase</u>	<u>Proposed Test Year</u>
Operating Revenues:					
Base rates	19,808,328	1,569,022	21,377,350	1,901,020	23,278,370
Fuel and surcharge	2,589,013	(2,589,013)	0		0
Other electric revenue	603,869	26,292	630,161		630,161
	<u>23,001,210</u>	<u>(993,699)</u>	<u>22,007,511</u>	<u>1,901,020</u>	<u>23,908,531</u>
Operating Expenses:					
Cost of power:					
Base rates	14,211,359	1,465,107	15,676,466		15,676,466
Fuel and surcharge	2,758,291	(2,758,291)	0		0
Distribution - operations	899,303	103,795	1,003,098		1,003,098
Distribution - maintenance	982,691	451,278	1,433,969		1,433,969
Consumer accounts	609,430	35,476	644,906		644,906
Customer service	84,140	8,826	92,966		92,966
Sales	960	0	960		960
Administrative and general	1,152,946	24,277	1,177,223		1,177,223
Total operating expenses	<u>20,699,120</u>	<u>(669,532)</u>	<u>20,029,588</u>	<u>0</u>	<u>20,029,588</u>
Depreciation	1,266,476	499,642	1,766,118		1,766,118
Taxes - other	21,911	0	21,911		21,911
Interest on long-term debt	1,009,209	73,120	1,082,329		1,082,329
Interest expense - other	83,431	(8,428)	75,003		75,003
Other deductions	7,671	(7,471)	200		200
Total cost of electric service	<u>23,087,818</u>	<u>(112,669)</u>	<u>22,975,149</u>	<u>0</u>	<u>22,975,149</u>
Utility operating margins	<u>(86,608)</u>	<u>(881,030)</u>	<u>(967,638)</u>	<u>1,901,020</u>	<u>933,382</u>
Nonoperating margins, interest	48,706	0	48,706		48,706
Nonoperating margins, other	21,071	0	21,071		21,071
Patronage capital credits	79,170	0	79,170		79,170
Net Margins	<u>\$62,339</u>	<u>(\$881,030)</u>	<u>(\$818,691)</u>	<u>\$1,901,020</u>	<u>\$1,082,329</u>
TIER	1.06		0.24		2.00

Big Sandy Rural Electric Cooperative
Case No. 2008-00401
Summary of Adjustments to Test Year

Exhibit S
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Witness: Alan Zumstein

	Adj 1	Adj 2	Adj 3	Adj 4	Adj 5	Adj 6	Adj 7	Adj 8	Adj 9	Adj 10	Adj 11	Adj 12	Adj 13	Adj 14	Adj 15	Adj 16	Adj 17	Adj 18	Total
	Salaries	Payroll Taxes	Deprec	Property Tax	Interest	FAS 106 Cost	Retirement	Donations	Professional Fees	Directors	Misc Expenses	Rate Case	GATV	Right of Way	Other Operating	Normalize Purchase Power	Revenue	Additional Revenue	
Operating Revenues:																			
Base rates																	1,569,022		1,569,022
Fuel and surcharge																	(2,589,013)		(2,589,013)
Other electric revenue													10,755					15,537	26,292
	0	0	0	0	0	0	0	0	0	0	0	0	10,755	0	0	0	(1,019,991)	15,537	(993,699)
Operating Expenses:																			
Cost of power:																			
Base rates																	1,465,107		1,465,107
Fuel and surcharge																	(2,758,291)		(2,758,291)
Distribution - operation	13,636	1,668	(6,135)	13,436		27,349	13,998									39,843			103,785
Distribution - maintain	9,180	1,368	(10,969)			22,431	11,481							417,787					451,278
Consumer accounts	7,354	1,200	(2,819)			19,672	10,069												35,478
Customer service	1,343	380	(2,328)			6,238	3,183												8,828
Sales																			0
Administrative and gen	18,017	890	(4,000)			18,074	8,227		(9,541)	(28,465)	(3,015)	24,000							24,277
Total operating expen	49,530	5,596	(26,251)	13,436	0	91,764	46,968	0	(9,541)	(28,465)	(3,015)	24,000	0	417,787	39,843	(1,293,184)	0	0	(689,532)
Depreciation			499,642																499,642
Taxes - other																			0
Interest on long-term debt					73,120														73,120
Interest expense - other					(8,428)														(8,428)
Other deductions								(7,471)											(7,471)
Total cost of electric s	49,530	5,596	473,391	13,436	64,692	91,764	46,968	(7,471)	(9,541)	(28,465)	(3,015)	24,000	0	417,787	39,843	(1,293,184)	0	0	(112,689)
Utility operating marg	(49,530)	(5,596)	(473,391)	(13,436)	(64,692)	(91,764)	(46,968)	7,471	9,541	28,465	3,015	(24,000)	10,755	(417,787)	(39,843)	1,293,184	(1,019,991)	15,537	(881,030)
Nonoperating margins, interest																			0
Nonoperating margins, other																			0
Patronage capital credits																			0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Margins	(49,530)	(5,596)	(473,391)	(13,436)	(64,692)	(91,764)	(46,968)	7,471	9,541	28,465	3,015	(24,000)	10,755	(417,787)	(39,843)	1,293,184	(1,019,991)	15,537	(881,030)

Request 12.

This question is addressed to all member cooperatives. For each of the member cooperatives, provide the following:

Request 12.a.

The cumulative over/under recovery for the 24-month period ending December 31, 2013.

Response 12.a.

The cumulative over recovery for the 24-month period ending December 31, 2013 for Big Sandy is 133,513 calculated from the following schedule:

Month	EKPC (power bills)	Big Sandy (billed to mems)	Monthly	(over)/under cumulative
January-12	245,368.00	238,879.00	6,489.00	6,489.00
February-12	190,574.00	187,692.00	2,882.00	9,371.00
March-12	127,471.00	131,039.00	(3,568.00)	5,803.00
April-12	131,429.00	136,807.00	(5,378.00)	425.00
May-12	170,217.00	174,558.00	(4,341.00)	(3,916.00)
June-12	212,111.00	193,497.00	18,614.00	14,698.00
July-12	220,735.00	236,741.00	(16,006.00)	(1,308.00)
August-12	182,332.00	185,699.00	(3,367.00)	(4,675.00)
September-12	154,402.00	150,714.00	3,688.00	(987.00)
October-12	180,596.00	179,852.00	744.00	(243.00)
November-12	270,766.00	271,978.00	(1,212.00)	(1,455.00)
December-12	293,067.00	302,579.00	(9,512.00)	(10,967.00)
January-13	252,597.00	262,290.00	(9,693.00)	(20,660.00)
February-13	211,782.00	224,558.00	(12,776.00)	(33,436.00)
March-13	202,506.00	209,020.00	(6,514.00)	(39,950.00)
April-13	167,875.00	167,825.00	50.00	(39,900.00)
May-13	164,640.00	163,276.00	1,364.00	(38,536.00)
June-13	227,647.00	232,220.00	(4,573.00)	(43,109.00)
July-13	227,908.00	239,167.00	(11,259.00)	(54,368.00)
August-13	198,761.00	215,797.00	(17,036.00)	(71,404.00)
September-13	168,681.00	179,019.00	(10,338.00)	(81,742.00)
October-13	158,523.00	176,417.00	(17,894.00)	(99,636.00)
November-13	245,935.00	263,430.00	(17,495.00)	(117,131.00)
December-13	293,062.00	309,444.00	(16,382.00)	(133,513.00)

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
 Pass Through Mechanism Report for Big Sandy RECC

For the Month Ending June 2014

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Big Sandy	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Big Sandy	EKPC 12-months Ended Average Monthly Revenue from Sales to Big Sandy	Big Sandy Revenue Requirement	Amortization of (Over)/Under Recovery	Big Sandy Net Revenue Requirement	Big Sandy Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Big Sandy Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Big Sandy Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col. (8) x Col. (7)		Col. (6) + Col. (9)			Col. (11) - Col. (12)		Col. (10) / Col. (14)
Jul-12	14.51%	0.00%	14.51%	\$ 1,419,528		\$ 1,419,528	\$ 1,347,019	\$ 195,452	\$ -	\$ 195,452	\$ 2,132,740	\$ -	\$ 2,132,740	\$ 1,899,721	10.31%
Aug-12	14.13%	0.00%	14.13%	\$ 1,258,598		\$ 1,258,598	\$ 1,333,487	\$ 188,419	\$ -	\$ 188,419	\$ 1,801,645	\$ -	\$ 1,801,645	\$ 1,880,433	9.97%
Sep-12	16.23%	0.00%	16.23%	\$ 1,092,731		\$ 1,092,731	\$ 1,328,571	\$ 215,827	\$ -	\$ 215,827	\$ 1,511,751	\$ -	\$ 1,511,751	\$ 1,874,312	11.47%
Oct-12	17.57%	0.00%	17.57%	\$ 1,112,733		\$ 1,112,733	\$ 1,324,204	\$ 232,863	\$ -	\$ 232,863	\$ 1,568,508	\$ -	\$ 1,568,508	\$ 1,868,058	12.41%
Nov-12	18.23%	0.00%	18.23%	\$ 1,541,080		\$ 1,541,080	\$ 1,333,712	\$ 243,198	\$ -	\$ 243,198	\$ 2,191,412	\$ -	\$ 2,191,412	\$ 1,891,428	13.02%
Dec-12	14.81%	0.00%	14.81%	\$ 1,607,607		\$ 1,607,607	\$ 1,327,307	\$ 193,920	\$ -	\$ 193,920	\$ 2,324,278	\$ -	\$ 2,324,278	\$ 1,885,086	10.25%
Jan-13	13.49%	0.00%	13.49%	\$ 1,728,944		\$ 1,728,944	\$ 1,327,492	\$ 179,079	\$ -	\$ 179,079	\$ 2,556,078	\$ -	\$ 2,556,078	\$ 1,892,303	9.50%
Feb-13	12.61%	0.00%	12.61%	\$ 1,569,914		\$ 1,569,914	\$ 1,326,960	\$ 167,330	\$ -	\$ 167,330	\$ 2,363,353	\$ -	\$ 2,363,353	\$ 1,905,303	8.84%
Mar-13	14.37%	0.00%	14.37%	\$ 1,805,923		\$ 1,805,923	\$ 1,362,229	\$ 195,752	\$ -	\$ 195,752	\$ 2,363,821	\$ -	\$ 2,363,821	\$ 1,961,094	10.27%
Apr-13	14.27%	0.00%	14.27%	\$ 1,168,240		\$ 1,168,240	\$ 1,374,811	\$ 196,188	\$ -	\$ 196,188	\$ 1,633,770	\$ -	\$ 1,633,770	\$ 1,972,861	10.00%
May-13	17.97%	0.00%	17.97%	\$ 1,153,740		\$ 1,153,740	\$ 1,376,011	\$ 247,269	\$ -	\$ 247,269	\$ 1,632,508	\$ -	\$ 1,632,508	\$ 1,972,988	12.53%
Jun-13	17.09%	0.00%	17.09%	\$ 1,266,813		\$ 1,266,813	\$ 1,376,987	\$ 235,327	\$ -	\$ 235,327	\$ 1,854,262	\$ -	\$ 1,854,262	\$ 1,984,510	11.83%
Jul-13	15.77%	0.00%	15.77%	\$ 1,333,577		\$ 1,333,577	\$ 1,369,825	\$ 216,021	\$ 18,477	\$ 234,498	\$ 2,004,628	\$ -	\$ 2,004,628	\$ 1,983,834	11.76%
Aug-13	15.49%	0.00%	15.49%	\$ 1,260,375		\$ 1,260,375	\$ 1,370,140	\$ 212,235	\$ 14,199	\$ 226,434	\$ 1,834,960	\$ -	\$ 1,834,960	\$ 1,986,811	11.41%
Sep-13	14.93%	0.00%	14.93%	\$ 1,088,977		\$ 1,088,977	\$ 1,369,827	\$ 204,515	\$ 14,199	\$ 218,714	\$ 1,588,895	\$ -	\$ 1,588,895	\$ 1,991,373	11.01%
Oct-13	16.69%	0.00%	16.69%	\$ 1,061,773		\$ 1,061,773	\$ 1,365,680	\$ 227,915	\$ 14,199	\$ 242,114	\$ 1,802,099	\$ -	\$ 1,802,099	\$ 1,994,172	12.16%
Nov-13	17.43%	0.00%	17.43%	\$ 1,473,559		\$ 1,473,559	\$ 1,359,854	\$ 237,040	\$ 14,199	\$ 251,239	\$ 2,167,107	\$ -	\$ 2,167,107	\$ 1,992,147	12.80%
Dec-13	14.54%	0.00%	14.54%	\$ 1,681,366		\$ 1,681,366	\$ 1,366,100	\$ 198,631	\$ 14,199	\$ 212,830	\$ 2,455,793	\$ -	\$ 2,455,793	\$ 2,003,106	10.66%
Jan-14	10.92%	0.00%	10.92%	\$ 2,207,418		\$ 2,207,418	\$ 1,405,973	\$ 153,532	\$ (4,278)	\$ 149,254	\$ 3,172,826	\$ -	\$ 3,172,826	\$ 2,054,510	7.45%
Feb-14	5.44%	0.00%	5.44%	\$ 1,759,257		\$ 1,759,257	\$ 1,421,761	\$ 77,343	\$ -	\$ 77,343	\$ 2,432,240	\$ -	\$ 2,432,240	\$ 2,060,251	3.78%
Mar-14	11.62%	0.00%	11.62%	\$ 1,660,817		\$ 1,660,817	\$ 1,428,328	\$ 165,739	\$ (5,357)	\$ 160,382	\$ 2,300,971	\$ -	\$ 2,300,971	\$ 2,055,013	7.78%
Apr-14	13.47%	0.00%	13.47%	\$ 1,139,587		\$ 1,139,587	\$ 1,423,938	\$ 191,804	\$ (5,357)	\$ 186,447	\$ 1,592,845	\$ -	\$ 1,592,845	\$ 2,051,603	9.07%
May-14	15.84%	0.00%	15.84%	\$ 1,131,283		\$ 1,131,283	\$ 1,422,067	\$ 225,255	\$ (5,357)	\$ 219,898	\$ 1,668,918	\$ -	\$ 1,668,918	\$ 2,058,137	10.72%
Jun-14	15.67%	0.00%	15.67%	\$ 1,266,853		\$ 1,266,853	\$ 1,422,070	\$ 222,838	\$ (5,357)	\$ 217,481	\$ 1,839,015	\$ -	\$ 1,839,015	\$ 2,054,866	10.58%

Notes:
 Big Sandy Total Monthly Retail Revenues in Column (11) Includes demand and energy charges, customer charges, and FAC revenues.
 Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
 Pass Through Mechanism Report for Big Sandy RECC

For the Month Ending June 2014

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Big Sandy	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Big Sandy	EKPC 12-months Ended Average Monthly Revenue from Sales to Big Sandy	Big Sandy Revenue Requirement	Amortization of (Over)/Under Recovery	Big Sandy Net Revenue Requirement	Big Sandy Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Big Sandy Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Big Sandy Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col. (8) x Col. (7)		Col. (6) + Col. (9)			Col. (11) - Col. (12)		Col. (10) / Col. (14)
Jul-12	14.51%	0.00%	14.51%	\$ 1,419,528		\$ 1,419,528	\$ 1,347,019	\$ 195,452	\$ -	\$ 195,452	\$ 2,132,740		\$ 2,132,740	\$ 1,889,721	10.31%
Aug-12	14.13%	0.00%	14.13%	\$ 1,256,598		\$ 1,256,598	\$ 1,333,467	\$ 188,419	\$ -	\$ 188,419	\$ 1,801,845		\$ 1,801,845	\$ 1,880,433	9.97%
Sep-12	18.23%	0.00%	18.23%	\$ 1,092,731		\$ 1,092,731	\$ 1,328,571	\$ 215,627	\$ -	\$ 215,627	\$ 1,511,751		\$ 1,511,751	\$ 1,874,312	11.47%
Oct-12	17.57%	0.00%	17.57%	\$ 1,112,733		\$ 1,112,733	\$ 1,324,204	\$ 232,883	\$ -	\$ 232,883	\$ 1,668,508		\$ 1,668,508	\$ 1,868,058	12.41%
Nov-12	18.23%	0.00%	18.23%	\$ 1,541,080		\$ 1,541,080	\$ 1,333,712	\$ 243,136	\$ -	\$ 243,136	\$ 2,191,412		\$ 2,191,412	\$ 1,891,428	13.02%
Dec-12	14.81%	0.00%	14.81%	\$ 1,607,607		\$ 1,607,607	\$ 1,327,307	\$ 193,920	\$ -	\$ 193,920	\$ 2,324,278		\$ 2,324,278	\$ 1,885,086	10.25%
Jan-13	13.49%	0.00%	13.49%	\$ 1,728,944		\$ 1,728,944	\$ 1,327,492	\$ 179,079	\$ -	\$ 179,079	\$ 2,666,078		\$ 2,666,078	\$ 1,892,303	9.50%
Feb-13	12.81%	0.00%	12.81%	\$ 1,569,914		\$ 1,569,914	\$ 1,326,960	\$ 167,330	\$ -	\$ 167,330	\$ 2,363,353		\$ 2,363,353	\$ 1,905,303	8.84%
Mar-13	14.37%	0.00%	14.37%	\$ 1,605,923		\$ 1,605,923	\$ 1,362,229	\$ 195,752	\$ -	\$ 195,752	\$ 2,363,821		\$ 2,363,821	\$ 1,961,094	10.27%
Apr-13	14.27%	0.00%	14.27%	\$ 1,168,240		\$ 1,168,240	\$ 1,374,811	\$ 198,186	\$ -	\$ 198,186	\$ 1,633,770		\$ 1,633,770	\$ 1,972,881	10.00%
May-13	17.97%	0.00%	17.97%	\$ 1,153,740		\$ 1,153,740	\$ 1,378,011	\$ 247,269	\$ -	\$ 247,269	\$ 1,632,508		\$ 1,632,508	\$ 1,972,989	12.53%
Jun-13	17.09%	0.00%	17.09%	\$ 1,268,813		\$ 1,268,813	\$ 1,378,987	\$ 235,327	\$ -	\$ 235,327	\$ 1,854,282		\$ 1,854,282	\$ 1,994,510	11.83%
Jul-13	15.77%	0.00%	15.77%	\$ 1,333,577		\$ 1,333,577	\$ 1,369,825	\$ 216,021	\$ 18,477	\$ 234,498	\$ 2,004,828		\$ 2,004,828	\$ 1,983,834	11.78%
Aug-13	15.49%	0.00%	15.49%	\$ 1,280,375		\$ 1,280,375	\$ 1,370,140	\$ 212,235	\$ 14,199	\$ 226,434	\$ 1,834,980		\$ 1,834,980	\$ 1,989,811	11.41%
Sep-13	14.93%	0.00%	14.93%	\$ 1,088,977		\$ 1,088,977	\$ 1,369,627	\$ 204,515	\$ 14,199	\$ 218,714	\$ 1,568,895		\$ 1,568,895	\$ 1,991,373	11.01%
Oct-13	18.68%	0.00%	18.68%	\$ 1,061,773		\$ 1,061,773	\$ 1,365,580	\$ 227,915	\$ 14,199	\$ 242,114	\$ 1,602,099		\$ 1,602,099	\$ 1,994,172	12.16%
Nov-13	17.43%	0.00%	17.43%	\$ 1,473,559		\$ 1,473,559	\$ 1,359,954	\$ 237,040	\$ 14,199	\$ 251,239	\$ 2,167,107		\$ 2,167,107	\$ 1,992,147	12.60%
Dec-13	14.54%	0.00%	14.54%	\$ 1,681,368		\$ 1,681,368	\$ 1,366,100	\$ 198,631	\$ 14,199	\$ 212,830	\$ 2,455,793		\$ 2,455,793	\$ 2,003,108	10.68%
Jan-14	10.92%	0.00%	10.92%	\$ 2,207,416		\$ 2,207,416	\$ 1,405,973	\$ 153,632	\$ (4,278)	\$ 149,254	\$ 3,172,828		\$ 3,172,828	\$ 2,054,510	7.45%
Feb-14	5.44%	0.00%	5.44%	\$ 1,759,257		\$ 1,759,257	\$ 1,421,751	\$ 77,343	\$ -	\$ 77,343	\$ 2,432,240		\$ 2,432,240	\$ 2,060,251	3.78%
Mar-14	11.62%	0.00%	11.62%	\$ 1,860,817		\$ 1,860,817	\$ 1,426,328	\$ 165,739	\$ (5,357)	\$ 180,382	\$ 2,300,971		\$ 2,300,971	\$ 2,055,013	7.78%
Apr-14	13.47%	0.00%	13.47%	\$ 1,139,587		\$ 1,139,587	\$ 1,423,838	\$ 191,604	\$ (5,357)	\$ 186,447	\$ 1,592,845		\$ 1,592,845	\$ 2,051,603	9.07%
May-14	15.84%	0.00%	15.84%	\$ 1,131,283		\$ 1,131,283	\$ 1,422,067	\$ 225,255	\$ (5,357)	\$ 219,898	\$ 1,686,916		\$ 1,686,916	\$ 2,056,137	10.72%
Jun-14	15.57%	0.00%	15.57%	\$ 1,268,853		\$ 1,268,853	\$ 1,422,070	\$ 222,838	\$ (27,609)	\$ 195,229	\$ 1,839,015		\$ 1,839,015	\$ 2,054,866	9.46%

Notes:
 Big Sandy Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
 Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

Request 13.

This question is addressed to all member cooperatives.

Request 13.a.

Provide the billing cycles and billing dates for each cycle in the month of July 2013.

Response 13.a.

Big Sandy bills on a monthly basis. Pertaining to July 2013, bills would have been dated August 01, 2013 and would have been for KWH usage from July 1-August 1, 2013.

Request 13.b.

For each billing cycle in July 2013, provide the environmental surcharge factor that was billed to customers.

Response 13.b.

For the July 2013 billing period, the factor used was 11.93%.

Request 15.

This question is addressed to Big Sandy Rural Electric Cooperative Corporation. Refer to Big Sandy's response to Commission Staff's Second Request for Information ("Staff's Second Request"), item 1. Explain how Big Sandy can record the environmental surcharge revenues as a July 2013 transaction if the actual billing to customers does not occur until August 2013.

Response 15.

As stated previously in response 13.a. Big Sandy billed July 2013's KWH usage on August 01, 2013. The environmental surcharge pass-through factor, which Big Sandy received from EKPC, was applied to July's revenues and billed to consumers at that time. Therefore, although the billing occurs in August, the environmental surcharge pertains to and is recorded as a July transaction.